

**VILLAGE OF BONITA, LOUISIANA**  
**BONITA, LOUISIANA**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
WITH SUPPLEMENTAL INFORMATION  
As of And for The Year Ended June 30, 2008**

**BY**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-24-08

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**FINANCIAL STATEMENTS  
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As of And for The Year Ended June 30, 2008**

**VILLAGE OF BONITA, LOUISIANA**  
**Bonita, Louisiana**

**Financial Statements  
and Independent Auditor's Report  
With Supplemental Information  
As of and for the Year Ended June 30, 2008**

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**Village of Bonita, Louisiana**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**USING THIS ANNUAL REPORT:**

The annual report consists of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on the next page. For governmental activities these statements tell how the services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Village's operation in more detail than the government-wide statements by providing information about the Village's most significant funds.

**FINANCIAL HIGHLIGHTS:**

- Net assets decreased in governmental activities by \$23,107 and net assets increased by \$328,329 in business-type activities, which include sewer and water funds. The decrease in governmental activities was due primarily to a increase in Village expenses. The increase in net assets of the business-type activities was primarily due to a grant from the Louisiana Office of Community Development for capital improvements to the water system with a Louisiana Community Development Block Grant (LCDBG).
- The Village had overall revenue from governmental activities of \$146,643 and revenue from business-type activities of \$493,153 for total revenue for the fiscal year of \$639,796. Revenue decreased in governmental activities from the prior year by \$2,852 and increased in business-type activities from the prior year by \$311,508.
- The Village had overall expenses from governmental activities of \$167,536 expenses from business-type activities of \$167,040 for a total expense for the year of \$334,576. Expenses increased in governmental activities from the prior year by \$15,334 and increased in business-type activities from the prior year by \$31,090.
- The general fund operated with an excess of expenditures over revenues of \$18,663.
- In the business-type activities-enterprise funds, the water and sewer fund, had an operating profit of \$329,442.
- The water and sewer fund had a positive cash flow of \$4,149 from operating activities.
- The Village's general fund budget shows a less than 1% unfavorable expenditure variance of \$284. The general fund shows a 1% unfavorable revenue budget variance of \$1,010.

**Village of Bonita, Louisiana**  
**Management's Discussion And Analysis (Continued)**

- The Village did not incur any new debt.
- On September 15, 2006, the Village was awarded a LCDBG grant from the Louisiana Office of Community Development in the amount of \$499,200 for the purpose of improving the local water system for fire protection. At June 30, 2007, the project was 14% complete with \$71,113 of the funds being expended in fiscal year 2007 and \$368,522 expended in fiscal year 2008 for a total capital outlay cost of \$439,635. The capital outlay project is 100% complete. The Village also received Local Government Assistance Program grants from the Louisiana Office of Community Development in the amount of \$18,633. These funds were used for repairs and to acquire minor supplies and assets.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT:**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Floyd Baker at the Village of Bonita, Louisiana telephone number (318) 823-2128.



**ROSIE D. HARPER**

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### **Independent Auditor's Report**

The Honorable Floyd Baker, Mayor  
And Members of the Board of Aldermen  
Bonita, Louisiana

I have audited the accompanying financial statements of the governmental activities and the business-type activities of Village of Bonita, Louisiana, as of and for the year ended June 30, 2008 which collectively comprise the Village's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Bonita, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the aggregate remaining fund information of Village of Bonita, Louisiana, as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 14, 2008, on my consideration of the Village of Bonita, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Bonita, Louisiana's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial

**Village of Bonita, Louisiana**  
**Independent Auditor's Report (Continued)**

statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
November 14, 2008



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**Report on Internal Control over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

The Honorable Floyd Baker, Mayor  
And Members of the Board of Alderman  
Bonita, Louisiana

I have audited the financial statements of Village of Bonita, Louisiana (a nonprofit organization) as of and for the year ended June 30, 2008, which collectively comprise the Village of Bonita, Louisiana's basic financial statements and have issued my report thereon dated November 14, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Village of Bonita, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Bonita, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village of Bonita, Louisiana's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Bonita, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Bonita, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Village of Bonita, Louisiana's internal control. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2008-1.

**Village of Bonita, Louisiana**  
**Report on Internal Control over Financial Reporting and on Compliance and Other**  
**Matters Based on an Audit of Financial Statements Performed in Accordance with**  
***Government Auditing Standards (Continued)***

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Bonita, Louisiana's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Bonita, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2008-2, 2008-3 and 2008-4.

The Village of Bonita, Louisiana's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Village of Bonita, Louisiana's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, Village Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
November 14, 2008

## **BASIC FINANCIAL STATEMENTS**

VILLAGE OF BONITA, LOUISIANA

Statement A

Statement of Net Assets  
June 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash	\$ 22,401	\$ 8,508	\$ 30,909
Receivables	6,613	10,985	17,598
Restricted Assets:			
Cash & Cash Equivalents	29,635	53,251	82,886
Investments	-	11,054	11,054
Capital Assets (Net of Accumulated Depreciation)	585,240	1,650,943	2,236,183
Total Assets	<u>\$ 643,889</u>	<u>\$ 1,734,741</u>	<u>\$ 2,378,630</u>
<b>Liabilities</b>			
Current Liabilities			
Accrued Liabilities	\$ 7,709	\$ 3,552	\$ 11,261
Current Portion of Long-Term Debt	4,000	13,000	17,000
Bond Interest Payable	1,800	2,300	4,100
Total Current Liabilities	<u>13,509</u>	<u>18,852</u>	<u>32,361</u>
Non-current Liabilities			
Meter Deposits	-	14,755	14,755
Bonds Payable	32,000	42,000	74,000
Total Non-current Liabilities	<u>32,000</u>	<u>56,755</u>	<u>88,755</u>
Total Liabilities	<u>\$ 45,509</u>	<u>\$ 75,607</u>	<u>\$ 121,116</u>
<b>Net Assets</b>			
Invested in Capital Assets Net of Related Debt	549,240	1,595,943	2,145,183
Restricted for Debt Service	32,000	42,000	74,000
Unrestricted	17,140	21,191	38,331
Total Net Assets	<u>\$ 598,380</u>	<u>\$ 1,659,134</u>	<u>\$ 2,257,514</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

# VILLAGE OF BONITA, LOUISIANA

Statement B

## Statement of Activities

For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities:						
General Government	\$ 87,033	\$ -	\$ 6,563	\$ (80,470)	\$ -	\$ (80,470)
Public Safety	78,703	-	-	(78,703)	-	(78,703)
Interest on Long-Term Debt	1,800	-	-	(1,800)	-	(1,800)
Total Governmental Activities	<u>167,536</u>	<u>-</u>	<u>6,563</u>	<u>(160,973)</u>	<u>-</u>	<u>(160,973)</u>
Business Type Activities:						
Sewer	38,720	25,426	-	-	(13,294)	(13,294)
Water	126,020	85,772	380,592	-	340,344	340,344
Interest on Long-Term Debt	2,300	-	-	-	(2,300)	(2,300)
Total Business Type Activities	<u>167,040</u>	<u>111,198</u>	<u>380,592</u>	<u>-</u>	<u>324,750</u>	<u>324,750</u>
Total Primary Government	<u>\$ 334,576</u>	<u>\$ 111,198</u>	<u>\$ 387,155</u>	<u>\$ (160,973)</u>	<u>\$ 324,750</u>	<u>\$ 163,777</u>
General Revenues:						
Taxes						
Property Taxes Levied for General Purposes				9,035	-	9,035
Property Taxes Levied for Debt Service				11,411	-	-
Tobacco Tax				517	-	517
Beer Taxes				271	-	271
Franchise Tax				5,598	-	5,598
Sales Taxes				34,555	-	34,555
Fines				51,520	-	51,520
Licenses and Permits				12,812	-	12,812
Investment Earnings				-	1,364	1,364
Intergovernmental				5,100	-	5,100
Other Revenue				9,262	-	9,262
Transfers In (Out)				(2,215)	2,215	-
Total General Revenues				<u>137,866</u>	<u>3,579</u>	<u>141,445</u>
Increase (decrease) in Unrestricted Net assets				<u>(23,107)</u>	<u>328,329</u>	<u>305,222</u>
Net Assets-July 1, 2007				<u>621,487</u>	<u>1,330,805</u>	<u>1,952,292</u>
Net Assets-June 30, 2008				<u>\$ 598,380</u>	<u>\$ 1,659,134</u>	<u>\$ 2,257,514</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA

Statement C

Balance Sheet  
Governmental Funds  
June 30, 2008

	General Fund
<b>Assets</b>	
Cash	\$ 52,036
Receivables (net)	<u>6,613</u>
Total Assets	<u>\$ 58,649</u>
<b>Liabilities and Fund Balances</b>	
Liabilities:	
Accrued Liabilities	<u>\$ 7,709</u>
Total Liabilities	<u>7,709</u>
Fund Balances:	
Unreserved, Reported in:	
General Fund	<u>50,940</u>
Total Fund Balances	<u>50,940</u>
Total Liabilities and Fund Balances	<u>\$ 58,649</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA

Statement D

Reconciliation of The Government Funds Balance Sheet  
to the Government-Wide Financial Statement of Net Assets  
June 30, 2008

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balance, Total Governmental Funds (Statement C)	\$	50,940
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		585,240
Long-term liabilities including bonds payable are not due payable in the current period and, therefore, are not reported in the governmental funds.		
Other		(37,800)
Net Assets of Governmental Activities (Statement A)	\$	<u>598,380</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

# VILLAGE OF BONITA, LOUISIANA

Statement E

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2008

	<u>General Fund</u>
<b>Revenues</b>	
Property Taxes	\$ 20,446
Tobacco Taxes	517
Beer Taxes	271
Franchise Taxes	5,598
Sales Taxes	34,555
Licenses and Permits	12,812
Fines	51,520
Intergovernmental	5,100
Miscellaneous	9,262
<b>Total Revenues</b>	<u>140,081</u>
<b>Expenditures</b>	
Current:	
General Government	68,306
Public Safety	73,832
Debt Service:	
Principal	4,000
Interest	1,800
<b>Total Expenditures</b>	<u>147,938</u>
Excess of Revenues Over Expenditures	<u>(7,857)</u>
<b>Other Financing Sources</b>	
Grants	6,563
Interfund Transfers Out	<u>(2,215)</u>
<b>Total Other Financing Sources</b>	<u>4,348</u>
Net Change in Fund Balances	<u>(3,509)</u>
Fund Balances-July 1, 2007	<u>54,449</u>
Fund Balances-June 30, 2008	<u>\$ 50,940</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BONITA, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
for the Year Ended June 30, 2008

Statement F

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E	\$ (3,509)
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The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,200
--	-------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(23,798)
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Changes in Net Assets of Governmental Activities, Statement B	<u>\$ (23,107)</u>
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See Accompanying Auditor's Report and Notes to Financial Statements.

VILLAGE OF BÖNITA, LOUISIANA

Statement G

Statement of Fund Net Assets  
Proprietary Fund  
June 30, 2008

**Assets**

Current and Accrued Assets:

Cash	\$	8,508	
Customer Accounts Receivable		10,985	
Grants Receivable		-	
Total Current and Accrued Assets			19,493

Restricted Assets:

Cash		53,251	
Investments		11,054	
Total Restricted Assets			64,305

Utility Plant:

Capital Assets Net of Accumulated Depreciation		1,650,943	
Net Utility Plant			1,650,943
Total Assets			\$ 1,734,741

**Liabilities**

Current Liabilities:

Accrued Liabilities	\$	3,552	
Current Portion of Bonds Payable		13,000	
Bond Interest Payable		2,300	
Total Current Liabilities			18,852

Liabilities Payable from Restricted Assets:

Customer Deposits		14,755	
Total Liabilities Payable from Restricted Assets			14,755

Long-Term Liabilities:

Bonds Payable		42,000	
Total Long-Term Liabilities			42,000
Total Liabilities			75,607

**Net Assets**

Invested in Capital Assets, Net of Related Debt			1,595,943
Restricted for Payment of Debt Service			57,300
Unrestricted			5,891
Total Net Assets			\$ 1,659,134

See Accompanying Auditor's Report and Notes to Financial Statements.

## VILLAGE OF BONITA, LOUISIANA

Statement H

Statement of Revenues, Fund Net Assets  
 Proprietary Funds  
 For the Year Ended  
 June 30, 2008

Utility Operating Revenue:		
Charges for Water and Sewer		\$ 111,198
Operating Expenses:		
Contract Labor	9,600	
Depreciation Expense	58,439	
Insurance	5,184	
Office	2,102	
Other Operating	14,349	
Repairs and Maintenance	5,159	
Salaries	46,812	
Supplies	11,151	
Utilities	8,742	
Vehicle	3,202	
Total Operating Expenses		<u>164,740</u>
Utility Operating Loss		(53,542)
Other Income and Deductions:		
Community Development Block Grant	368,522	
Other Grants	12,070	
Interest and Dividend Revenue	1,364	
Interest on Long-Term Debt	(2,300)	
Total Other Income and Deductions		<u>379,656</u>
Income Before Transfers Out		<u>326,114</u>
Operating Transfer In		<u>2,215</u>
Change in Net Assets		<u>328,329</u>
Total Net Assets, July 1, 2007		<u>1,330,805</u>
Total Net Assets, June 30, 2008		<u>\$ 1,659,134</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

# VILLAGE OF BÖNITA, LOUISIANA

Statement I

## Statement of Cash Flows Proprietary Funds June 30, 2008

<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 112,248
Cash Provided from Customer Deposits	660
Cash Received for Safe Water Fees	(3)
Cash Paid to Employees for Services	(46,812)
Cash Paid to Suppliers	(61,944)
Net Cash Provided by Operating Activities	<u>4,149</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Transfers from Other Funds	<u>2,215</u>
Net Cash Used by Non-Capital Financing Activities	<u>2,215</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Capital Grant Received	368,522
Other Grants Received	17,527
Principal Paid on Bond Debt	(13,000)
Interest Paid on Long Term Debt	(3,400)
Net Cash Provided for Capital and Related Financing Activities	<u>369,649</u>
<b>Cash Flows from Investing Activities</b>	
Water System Improvement Construction	(368,522)
Equipment Purchase	(9,511)
Major Repairs Water System	(7,775)
Cash Invested in Certificate of Deposit	(362)
Interest and Dividend Income	1,364
Net Cash Provided by Investing Activities	<u>(384,806)</u>
Net Decrease in Cash and Cash Equivalents	(8,793)
Cash and Cash Equivalents-July 1, 2007	70,552
Cash and Cash Equivalents-June 30, 2008	<u>\$ 61,759</u>

### Reconciliation of Cash and Cash Equivalents to the Balance Sheet

	End of Year	Beginning of Year
Cash and Cash Equivalents in Current and Accrued Assets	8,508	13,713
Restricted Cash and Cash Equivalents	53,251	56,839
	<u>\$ 61,759</u>	<u>\$ 70,552</u>

### Reconciliation of Utility Operating Income to Net Cash Provided by Operating Activities

Utility Operating Income		(53,542)
Adjustments:		
Depreciation Expense	58,439.00	
Increase in Accrued Liabilities	3,002.00	
Decrease in Accounts Payable	(5,460.00)	
Increase in Customer Deposits	660.00	
Increase in Customer Accounts Receivables	1,050.00	
Total Adjustments		<u>57,691</u>
Net Cash Provided by Operating Activities		<u>\$ 4,149</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

**VILLAGE OF BONITA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**As of and For the Year Ended June 30, 2008**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Village of Bonita, Louisiana, (the "Village") operates under a mayor-board of aldermen form of government in accordance with the provisions of the Lawrason Act. Citizens elect the mayor and three council members at large. The mayor and council members are paid a monthly salary. The Village is located in northeast Louisiana, its population is approximately 335, and it employs approximately 6 people other than the mayor and council members. As of June 30, 2008, the Village services approximately 187 utility customers and maintains approximately 5 miles of roads.

The following services are provided by the Village: general administrative services, public safety (police), public works (streets), sanitation (water and sewer), and public improvements.

The more significant of the Village's accounting policies are described below:

**Basis of Presentation**

The accounting and reporting policies of the Village of Bonita conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Government Units.

**Financial Reporting Entity**

As the municipal governing authority, for reporting purposes, the Village is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (Village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the municipality to impose its will on that organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.

**Village of Bonita, Louisiana**  
**Notes to Financial Statements (Continued)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Village has determined that Sewer District No. 1 of Village of Bonita, Louisiana, is a component unit of the reporting entity. As required by generally accepted accounting principles, these financial statements present Village of Bonita, Louisiana, (the primary government) and its component unit. The component unit is reported as part of the municipality and blended with the appropriate municipality funds.

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality, are blended component units. For a component unit to be blended, the organization's board and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality.

Considered in the determination of component units of the reporting entity were Tenth Ward Fire Protection District No. 1 of Morehouse Parish, Louisiana, and Tenth Ward Volunteer Fire Department. It was determined that this governmental and volunteer entity are not component units of the Village's reporting entity.

**A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Village of Bonita, Louisiana**  
**Notes to Financial Statements (Continued)**

**A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Proprietary funds are reported as separate columns in the fund financial statements.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economics resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The municipality reports the following major proprietary funds:

- Water and Sewer Fund

The Proprietary Fund is accounted for on a flow of economic resources measurements focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The Village applies all GASB

**Village of Bonita, Louisiana**  
**Notes to Financial Statements (Continued)**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)**

pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's proprietary operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**C. FIXED ASSETS AND LONG-TERM LIABILITIES**

For the year ended June 30, 2008, no interest costs were capitalized for construction of fixed assets. All fixed assets with a cost of \$5,000 or more are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water & Sewer System	40 Years
Buildings	50 Years
Equipment	5-10 Years
Vehicle	7 Years

**Village of Bonita, Louisiana**  
**Notes to Financial Statements (Continued)**

**D. BUDGETS AND BUDGETARY ACCOUNTING**

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The mayor and clerk of the Village prepare a proposed budget based on departmental group budget requests, and submit the same to the Board of Aldermen for approval.
2. The Village does utilize the budget in comparison form in financial statement presentation during the year.
3. All budgetary appropriations lapse at the end of the fiscal year.
4. The Village does not utilize encumbrance accounting.

**E. CASH AND INVESTMENTS**

The following is a summary of cash and investments at June 30, 2008:

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
<b>Cash</b>			
Non-interest Bearing Demand Deposits	\$ 21,901	\$ 8,508	\$ 30,409
Time Deposits	29,635	53,251	82,886
Petty Cash	500	-	500
Total Cash	<u>52,036</u>	<u>61,759</u>	<u>113,795</u>
<b>Investments</b>			
Certificate of Deposit	-	11,054	11,054
Total Investments	<u>-</u>	<u>11,054</u>	<u>11,054</u>
<b>Total Cash &amp; Investments</b>	<u><u>\$ 52,036</u></u>	<u><u>\$ 72,813</u></u>	<u><u>\$ 124,849</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with fiscal agent.

At June 30, 2008, the carrying amount and bank balance of the Village's deposits and investments (excluding petty cash of \$500) were \$124,349. At June 30, 2008, the total amount of cash covered by federal depository insurance was \$100,000 and total cash and investments covered by collateralized securities was \$24,349.

The cash deposits held at financial institutions can be categorized according to three levels of risk.

**Village of Bonita, Louisiana**  
**Notes to Financial Statements (Continued)**

**E. CASH AND INVESTMENTS (Continued)**

These three levels of risk are as follows:

- Category 1 Deposits which are insured or collateralized with securities held by its agent in the Village's name.
- Category 2 Deposits, which are collateralized with securities, held by the pledging financial institution's trust department or agent in the Village's name.
- Category 3 Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the Village's cash deposits are classified as Category 1.

There were no repurchase or reverse purchase agreements at June 30, 2008.

**F. RECEIVABLES**

At June 30, 2008, no reserve for bad debts in the general and proprietary funds was required, since the management estimates uncollectable receivable outstanding is immaterial. Accounts receivable for the period ending June 30, 2008 were as follows:

	Enterprise Fund Water & Sewer Fund	Governmental Fund General Fund	Total
Sales Tax & License	\$ -	\$ 2,762	\$ 2,762
Property Tax	-	586	586
Grant (LGAP)	-	3,265	3,265
Customer	10,985	-	10,985
<b>Total</b>	<b>\$ 10,985</b>	<b>\$ 6,613</b>	<b>\$ 17,598</b>

**G. COMPENSATED ABSENCES**

Full-time employees of the Village earn from two to four weeks of annual leave and three to five days of sick leave each anniversary year of employment, depending on length service. Nine paid holidays are earned each calendar year by full-time employees. The Mayor, subject to the approval of the Board of Aldermen, may grant additional sick leave if warranted by the circumstances and additional paid holidays. Upon resignation or retirement, employees are compensated for annual leave earned but not taken during the current anniversary year of employment at the employee's current rate of pay. Employees are not compensated for non-vesting accumulated sick leave or paid holidays upon termination of employment. In governmental funds, the cost of annual leave, sick leave, and paid holidays is recognized as current year expenditure within the various funds when either is actually taken or when employees are paid for accrued annual leave upon resignation or retirement. The cost for compensated absences for the year ended June 30, 2008 for the General Fund is \$4,128 and Enterprise Fund is \$1,034.

Village of Bonita, Louisiana  
Notes to Financial Statements (Continued)

**H. SINKING, RESERVE, AND DEPRECIATION AND CONTINGENCY ACCOUNTS**

The resolutions authorizing the waterworks and sewer revenue bonds require that the Village establish for each issuance a sinking, reserve, and depreciation and contingency account. Monthly amounts are to be deposited into the sinking accounts equal to one-twelfth of the total amount of principal and interest falling due in the ensuing year. A sum at least equal to 5% of the amounts deposited into the sinking accounts should be deposited into the reserve accounts until such time as there has been accumulated a total equal to the highest combined principal and interest payable in any future year. Amounts specifically designated by each of the bond resolutions are to be deposited into the depreciation and contingency accounts on a monthly basis.

At June 30, 2008, the deposit requirements of the waterworks revenue bonds and sewer revenue bonds accounts were met as follows:

<b>Waterworks Revenue Bond</b>				
	<b>Sinking</b>	<b>Reserve</b>	<b>Depreciation/ Contingency</b>	<b>Total</b>
Required	\$ 4,975	\$ 10,500	\$ 20,340	\$ 35,815
Total Funded	1,564	5,791	7,508	14,863
Funding Excess (Deficit)	<u>\$ (3,411)</u>	<u>\$ (4,709)</u>	<u>\$ (12,832)</u>	<u>\$ (20,952)</u>

  

<b>Sewer Revenue Bond</b>				
	<b>Sinking</b>	<b>Reserve</b>	<b>Depreciation/ Contingency</b>	<b>Total</b>
Required	\$ 8,700	\$ 14,050	\$ 21,090	\$ 43,840
Total Funded	25,743	17,617	20,194	63,554
Funding Excess (Deficit)	<u>\$ 17,043</u>	<u>\$ 3,567</u>	<u>\$ (896)</u>	<u>\$ 19,714</u>

**II. AD VALOREM TAXES**

For the year ended June 30, 2008, ad valorem taxes of 18.60 mills were levied on property with assessed valuations totaling \$1,117,690 as follows:

	<b>Authorized Millage</b>	<b>Levied Millage</b>	<b>Expiration Date</b>
General Corporate Purposes	8.22	8.22	Perpetual
Debt Service	10.38	10.38	2016

The following is the principal ad valorem taxpayer for the Village:

<b>Taxpayer</b>	<b>Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>	<b>Ad Valorem Tax Revenue</b>
Northeast Louisiana Telephone Company, Inc.	\$ 504,330	43.89%	\$ 9,381

**Village of Bonita, Louisiana**  
**Notes to Financial Statements (Continued)**

**II. AD VALOREM TAXES (Continued)**

Total ad valorem taxes levied were \$20,789. As of June 30, 2008, uncollected ad valorem taxes were \$586.

For the year ended June 30, 2008, sales and use taxes of 1% were levied for any lawful corporate purposes and 1% to support the Village's General Fund. These taxes will expire June 30, 2011.

**III. RESTRICTED ASSETS-PROPRIETARY FUND TYPES**

At June 30, 2008, restricted assets of the Proprietary Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	Water	Sewer	Total
Bond Sinking	\$ 1,564	\$ 25,743	\$ 27,307
Meter Deposit	15,522	-	15,522
Bond Reserve	5,791	17,617	23,408
Depreciation & Contingencies	7,508	20,194	27,702
<b>Total</b>	<b>\$ 30,385</b>	<b>\$ 63,554</b>	<b>\$ 93,939</b>

**IV. FIXED ASSETS**

A summary of the changes in the General Fixed Assets Account Group is as follows:

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008
Land	\$ 48,829	\$ -	\$ -	\$ 48,829
Buildings	120,079	-	-	120,079
Playground Equipment	5,786	-	-	5,786
Streets & Drainage	816,556	-	-	816,556
Furniture and Equipment	9,645	1,368	-	11,013
Vehicles	88,559	-	-	88,559
Depreciation	(480,416)	(25,166)	-	(505,582)
<b>Total</b>	<b>\$ 609,038</b>	<b>\$ (23,798)</b>	<b>\$ -</b>	<b>\$ 585,240</b>

A summary of the Proprietary Fund fixed assets and depreciation at June 30, 2008, is as follows:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Land	\$ 4,250	\$ -	\$ -	\$ 4,250
Water & Sewer System	1,845,453	376,297	-	2,221,750
Equipment	25,215	9,511	-	34,726
Vehicles	9,584	-	-	9,584
Depreciation	(560,928)	(58,439)	-	(619,367)
<b>Total</b>	<b>\$ 1,323,574</b>	<b>\$ 327,369</b>	<b>\$ -</b>	<b>\$ 1,650,943</b>

**Village of Bonita, Louisiana**  
**Notes to Financial Statements (Continued)**

**V. CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2008:

	<b>General Obligation Bonds</b>	<b>Waterworks Revenue Bonds</b>	<b>Sewer Revenue Bonds</b>	<b>Totals</b>
Long-term Debt				
Payable-July 1, 2007	\$ 40,000	\$ 28,000	\$ 40,000	\$ 108,000
Retirements	<u>(4,000)</u>	<u>(9,000)</u>	<u>(4,000)</u>	<u>(17,000)</u>
Long-term Debt				
Payable-June 30, 2008	<u>\$ 36,000</u>	<u>\$ 19,000</u>	<u>\$ 36,000</u>	<u>\$ 91,000</u>

Long-term debt is comprised of the following individual issues:

**General Obligation Bonds**

\$46,000 Public Improvement Bonds - dated October 14, 1976, due in annual installments ranging from \$500 to \$2,000 through October 14, 2016, bear interest at 5%, principal and interest payable October 14<sup>th</sup> of each year.

\$46,000 Sewer District No. 1 Bonds - dated October 14, 1976, due in annual installments ranging from \$500 to \$2,000 through October 14, 2016, bear interest at 5%, principal and interest payable October 14<sup>th</sup> of each year.

**Revenue Bonds**

\$168,000 Waterworks Revenue Bonds - dated July 1, 1970, due in annual installments ranging from \$2,000 to \$10,000 through January 1, 2010, bear interest at 5%, principal and interest payable January 1<sup>st</sup> of each year.

\$121,000 Sewer Revenue Bond - dated October 14, 1976, due in annual installments ranging from \$2,000 to \$4,000 through October 14, 2016, bear interest at 5%, principal and interest payable October 14<sup>th</sup> of each year.

The annual requirements to amortize all long-term debt as of June 30, 2008, are as follows:

Village of Bonita, Louisiana  
Notes to Financial Statements (Continued)

**V. CHANGES IN LONG-TERM DEBT (Continued)**

Year Ending 30-Jun	General Obligation Bonds	Waterworks Revenue Bonds	Sewer Revenue Bonds	Totals
2009	\$ 4,000	\$ 9,000	\$ 4,000	\$ 17,000
2010	4,000	10,000	4,000	18,000
2011	4,000	-	4,000	8,000
2012	4,000	-	4,000	8,000
2013	4,000	-	4,000	8,000
2014	4,000	-	4,000	8,000
2015	4,000	-	4,000	8,000
2016	4,000	-	4,000	8,000
2017	4,000	-	4,000	8,000
Totals	<u>\$ 36,000</u>	<u>\$ 19,000</u>	<u>\$ 36,000</u>	<u>\$ 91,000</u>

At June 30, 2008, \$40,000 is available for debt service to the general obligation bonds.

The annual requirements to amortize all interest related to long-term debt as of June 30, 2008, are as follows:

Year Ending June 30,	General Obligation Bonds	Waterworks Revenue Bonds	Sewer Revenue Bonds	Totals
2009	\$ 1,800	\$ 950	\$ 1,800	\$ 4,550
2010	1,600	500	1,600	3,700
2011	1,400	-	1,400	2,800
2012	1,200	-	1,200	2,400
2013	1,000	-	1,000	2,000
2014	800	-	800	1,600
2015	600	-	600	1,200
2016	400	-	400	800
2017	200	-	200	400
Totals	<u>\$ 9,000</u>	<u>\$ 1,450</u>	<u>\$ 9,000</u>	<u>\$ 19,450</u>

**VI. FUND BALANCE-RESERVED**

The general obligation bond ordinance requires that the excess assets over liabilities in the Debt Service Funds be restricted for such debt service requirements.

**VII. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Village of Bonita, Louisiana**  
**Notes to Financial Statements (Continued)**

**VIII. ENCUMBRANCES**

The Village does not utilize encumbrance accounting.

**IX. ELECTED OFFICIALS SALARIES**

Name	Title	Annual Salary	Date of Service
Baker, Floyd	Mayor	\$ 3,200	8/01/07-06/30/08
Penn, Virgil	Former Mayor	500	7/01/07-07/31/07
Adams, Thomas	Alderman	555	11/01/07-6/30/08
Baker, Floyd	Former Alderman	130	7/01/07-07/31/07
Gloson, Gaddis	Alderman	815	07/01/07-06/30/08
Hobbs, Remona	Alderwoman	260	07/01/07-10/31/07
Sherrer, Ada	Alderwoman	555	11/01/07-6/30/08
Travis, Scott	Alderman	195	8/01/07-11/30/07

**X. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for all risks of loss, including workers' compensation. Settlement amounts have not exceeded insurance coverage for the current year or the three prior fiscal years. The Village participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Village has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibles of any related receivable at June 30, 2008, may be impaired. In the opinion of the Village's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**XI. ON-BEHALF PAYMENTS FOR SALARIES**

For the year ended June 30, 2008, the Village recognized revenues and expenditures of \$5,100 in salary supplements from the State of Louisiana paid directly to an employee of the police department.

**XII. COMMITMENTS**

The Village of Bonita, Louisiana was the recipient on September 15, 2006 of a LCDBG grant from the Louisiana Office of Community Development in the amount of \$499,200 for the purpose of improving the local water system for fire protection. At June 30, 2008, the project was 100% complete with \$71,113 of the funds being expended in fiscal year 2007 and \$368,522 expended in

**Village of Bonita, Louisiana**  
**Notes to Financial Statements (Continued)**

**XII. COMMITMENTS (Continued)**

fiscal year 2008 for a total capital outlay cost of \$439,635. The Village also received Local Government Assistance Program grants from the Louisiana Office of Community Development in the amount of \$18,633. These funds were used for repairs and to acquire minor supplies and assets.

## **REQUIRED SUPPLEMENTAL INFORMATION**

VILLAGE OF BONITA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND  
Year Ended June 30, 2008

	Budget Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
	Budget	Final			
<b>REVENUE</b>					
Taxes	\$ 52,970	\$ 52,970	\$ 61,387	\$ -	\$ 61,387
Licenses and Permits	10,350	10,350	12,812	-	12,812
Intergovernmental	3,600	3,600	5,100	-	5,100
Fines and Forfeitures	72,539	72,539	51,520	-	51,520
Grants	6,000	6,000	6,563	-	6,563
Interest and Miscellaneous	2,195	2,195	9,262	-	9,262
Total Revenues	<u>147,654</u>	<u>147,654</u>	<u>146,644</u>	<u>-</u>	<u>146,644</u>
<b>EXPENDITURES</b>					
Current:					
General Government	82,357	82,357	68,306	(18,727)	87,033
Public Safety	59,297	59,297	73,832	(4,871)	78,703
Debt Service:					
Principal Retirement	3,800	3,800	4,000	4,000	-
Interest	2,200	2,200	1,800	-	1,800
Total Expenditures	<u>147,654</u>	<u>147,654</u>	<u>147,938</u>	<u>(19,598)</u>	<u>167,536</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(1,294)	19,598	(20,892)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to Other Funds	-	-	(2,215)	-	(2,215)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	(3,509)	19,598	(23,107)
Fund Balances (Deficit) , Beginning	<u>54,449</u>	<u>54,449</u>	<u>54,449</u>	<u>-</u>	<u>621,487</u>
Fund Balances, Ending	<u>\$ 54,449</u>	<u>\$ 54,449</u>	<u>\$ 50,940</u>	<u>\$ 19,598</u>	<u>\$ 598,380</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

## **OTHER REPORTS**

VILLAGE OF BONITA, LOUISIANA  
Schedule of Expenditure of Federal Awards  
For the Year Ended June 30, 2008

SOURCE OF FEDERAL ASSISTANCE AGENCY	FEDERAL		REVENUE RECOGNIZED	EXPENDITURES
	C.F.D.A. NUMBER			
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development				
Block Grant-State Programs (Non-major Program)	14,228	\$ 368,522	\$	368,522
Pass-through Louisiana Office of Community Development				
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		368,522		368,522
TOTAL FEDERAL ASSISTANCE		\$ 368,522	\$	368,522

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

VILLAGE OF BONITA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
WITH MANAGEMENT'S PLANNED CORRECTIVE ACTION  
Year Ended June 30, 2008

I have audited the general-purpose financial statements of Village of Bonita, Louisiana, as of and for the year ended June 30, 2008, and have issued my report thereon dated November 14, 2008. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2008, resulted in an unqualified opinion.

**Section I – Summary of Auditor's Reports**

Report on Internal Control over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Internal Control

Significant Deficiency ☒ Yes ☐ No

Material Weakness ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

**Section II – Financial Statement Findings**

2008-1      Inadequate Segregation of Duties (finding was cited in first audit conducted by my firm as of and for the year ended June 30, 2003)

Criteria              Adequate segregation of duties is essential to a proper internal control structure.

Condition:            The segregation of duties is inadequate to provide effective internal control.

Cause:                The condition is due to economic and space limitations.

Effect:                Inadequate segregation of duties create risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

Recommendation:    In those instances where duties cannot be fully segregated, mitigating or compensating controls must be established,

**Village Of Bonita, Louisiana**  
**Schedule Of Findings And Questioned Costs With Management's**  
**Planned Corrective Action (Continued)**

such as documented detailed reviews by an appropriate supervisor or employee.

Management's response and  
Planned corrective action:

Management concurs with the finding and recommendation. In those instances where duties cannot be fully segregated, mitigating or mitigating or compensating controls will be established.

2008-2      Deficit Bond Funding Requirements (initial citing in June 30, 1992, report on compliance with laws and regulations)

Criteria      The resolutions authorizing the waterworks and sewer revenue bonds require that the Village establish for each issuance a sinking; reserve; and depreciation and contingency account.

Condition      At June 30, 2008, waterworks revenue bonds' deposit requirements were unfunded in total as follows:

Waterworks Revenue Bond				
	Sinking	Reserve	Depreciation/ Contingency	Total
Required	\$ 4,975	\$ 10,500	\$ 20,340	\$ 35,815
Total Funded	1,564	5,791	7,508	14,863
Funding Excess (Deficit)	\$ (3,411)	\$ (4,709)	\$ (12,832)	\$ (20,952)

Cause      The Village has over funded the required accounts for the Sewer Revenue Bond by a total of \$19,714 instead of funding the waterworks revenue accounts at the appropriate levels.

Effect      The Village is in violation of the revenue bond resolutions.

Recommendation:      I recommend that such funding deficits be eliminated as funds become available. Also, bondholders should be made aware of the deficit findings and management's planned corrective action.

Management's response and  
planned corrective action:

Management is making an effort to fund the individual requirements as resources become available and the bondholders will be made fully aware of their actions.

**Village Of Bonita, Louisiana  
Schedule Of Findings And Questioned Costs With Management's  
Planned Corrective Action (Continued)**

2008-3      Net Operating Loss in Enterprise Fund

Criteria:      The Village's waterworks and sewer revenue bond resolutions require that the Village "fix and maintain rates and collect charges for all services and facilities to be rendered by the system sufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the system..." as well as other cash requirements.

Condition:      The Village's Enterprise Fund continues to incur operating losses.

Cause:      The water and sewer operating expenses are greater than the revenue generated by the enterprise fund.

Effect:      The Village is in violation of the bond resolutions.

Recommendation:      The rate structure is currently sufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the system..." as well as other cash requirements. However, the Village should establish and monitor a budget for the enterprise fund, which would minimize the risk of operating expenses being greater than revenue generated by the enterprise fund.

Management's response and  
planned corrective action:

Management concurs with the finding and recommendation. A budget will be established and monitored for the enterprise fund, which would minimize the risk of operating expenses being greater than revenue generated by the enterprise fund. Management would also like to emphasize the fact that net cash flow from operation of the Enterprise Fund has been positive for the last two years. However, due to the extensive capital outlay for improvements to the water system, depreciation of the related cost of the improvements will continually generate a net operating loss for several years into the future.

**Village Of Bonita, Louisiana  
Schedule Of Findings And Questioned Costs With Management's  
Planned Corrective Action (Continued)**

2008-4      Violation of State Statute

Criteria:      LA R.S. 43:143-144 and A.G. 82-383 require that minutes, ordinances, resolutions, budgets, and other official proceedings of the Village be published in the official journal.

Condition:      Official proceedings of the Village were not published for two months during the fiscal year in the official journal.

Cause:      The Village's management failed to submit the proceeding in a timely manner.

Effect:      The Village is in violation of the statute and opinion cited.

Recommendation:      We recommend that the Village adhere to the provision.

Management's  
response and planned  
corrective action:

Management concurs with the finding and recommendation. Management will ensure that all future proceedings are published in the official journal.

**Section III – Management Letter**

Not Issued.

VILLAGE OF BONITA, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
Year Ended June 30, 2008

**Section I – Financial Statement Findings**

**2007-1 Inadequate Segregation of Duties**

**Unresolved-2008-1.**

*Adequate segregation of duties is essential to a proper internal control structure.*

**2007-2 Deficit Bond Funding Requirements**

**Unresolved-2008--2.**

The resolutions authorizing the waterworks and sewer revenue bonds require that the Village establish for each issuance a sinking; reserve; and depreciation and contingency account.

**2007-3 Net Operating Loss in Enterprise Fund**

**Unresolved-2008--3.**

The Village's waterworks and sewer revenue bond resolutions require that the Village "fix and maintain rates and collect charges for all services and facilities to be rendered by the system sufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the system..." as well as other cash requirements.

**Section II – Management Letter**

**No outstanding issues.**